

SOUTHERN CALIFORNIA



**ASSOCIATION of
GOVERNMENTS**

Main Office

818 West Seventh Street
12th Floor
Los Angeles, California
90017-3435

t (213) 236-1800
f (213) 236-1825

www.scag.ca.gov

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Deborah Robertson, Rialto

Transportation
Alan Wapner, San Bernardino
Associated Governments

MEETING OF THE

LEGISLATIVE/COMMUNICATIONS AND MEMBERSHIP COMMITTEE

Tuesday, January 20, 2015

8:30 a.m. - 10:00 a.m.

SCAG Offices

**818 West 7th Street, 12th Floor
Policy Committee Room B
Los Angeles, CA 90017
(213) 236-1800**

Videoconference Available

**Imperial SCAG Office
1405 North Imperial Avenue, Suite 1
El Centro, CA 92243**

**Riverside SCAG Office
3403 10th Street, Suite 805
Riverside, CA 92501**

**San Bernardino SCAG Office
1170 W. 3rd Street, Suite 140
San Bernardino, CA 92418**

Teleconference Is Available

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Jane Embry at (213) 236-1826 or via email embry@scag.ca.gov

Agendas & Minutes for the Legislative/ Communications and Membership Committee are also available at:

<http://www.scag.ca.gov/committees/Pages/default.aspx>

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The Regional Council consists of 86 elected officials representing 191 cities, six counties, six County Transportation Commissions, one representative from the Transportation Corridor Agencies, one Tribal Government representative and one representative for the Air Districts within Southern California.

Legislative/Communications and Membership Committee

January 2015

Pam O'Connor, District 41
Larry McCallon, District 7

Chair
Vice-Chair

Member

Barrows, Bruce
Becerra, Glen
Clark, Margaret
Daniels, Gene
Finlay, Margaret
Martinez, Michele
Mitchell, Judy
Murray, Kris
Nelson, Shawn
Pettis, Greg
Viegas-Walker, Cheryl
Wapner, Alan

Representing

District 23
District 46
District 32
District 24
District 35
District 16
District 40
District 19
Orange County
District 2
District 1
SANBAG

TELECONFERENCE LOCATIONS:

Hon. Glen Becerra
Simi Valley City Hall
2929 Tapo Canyon Road
Simi Valley, CA

Hon. Margaret Clark
Rosemead City Hall
8838 E Valley Blvd
Rosemead, CA 91770

Hon. Margaret Finlay
2221 Rim Road
Duarte, CA 91008

Hon. Michele Martinez
300 W. 2nd Street
Santa Ana, CA 92701

Hon. Shawn Nelson
333 West Santa Ana Blvd., Fifth Floor
Santa Ana, CA 92701

Hon. Alan Wapner
Ontario City Hall
303 E B Street
Ontario, CA 91764

LEGISLATIVE/COMMUNICATIONS & MEMBERSHIP COMMITTEE AGENDA JANUARY 20, 2015

The Legislative/Communications & Membership Committee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as information or action items.

CALL TO ORDER & ROLL CALL

(Hon. Pam O'Connor, Chair)

PUBLIC COMMENT PERIOD

Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker provided that the Chair has the discretion to reduce this time limit based upon the number of speakers. The Chair may limit the total time for all comments to twenty (20) minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

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| 1. Minutes of November 18, 2014 Meeting | Attachment | 1 |
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ACTION ITEMS

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| 2. SCAG Sponsorships | | |
| • National Community Renaissance 2015 Symposium on the Affordability of Housing - \$5,000 | Attachment | 5 |
| • Shared-Use Mobility Center Mobility Summit - \$10,000
<i>(Darin Chidsey, Director of SP&PA)</i> | | |
| 3. 2015 State and Federal Legislative Priorities
<i>(Darin Chidsey, Director of SP&PA)</i> | Attachment | 7 |

INFORMATION/DISCUSSION ITEMS

- | | | |
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| 4. 2015 State and Federal Legislative Update
<i>(Darin Chidsey, Director of SP&PA)</i> | Attachment | 10 |
| 5. Summary of 2015-16 Proposed State Budget
<i>(Jeff Dunn, Legislative Analyst)</i> | Attachment | 14 |

FUTURE AGENDA ITEMS

Any Committee member or staff desiring to place items on a future agenda may make such a request.

ANNOUNCEMENTS

**LEGISLATIVE/COMMUNICATIONS &
MEMBERSHIP COMMITTEE
AGENDA
JANUARY 20, 2015**

ADJOURNMENT

The next meeting of the Legislative/Communications & Membership Committee is scheduled for 8:30 AM, Tuesday, February 17, 2015 at the SCAG Los Angeles office.

**LEGISLATIVE/COMMUNICATIONS & MEMBERSHIP COMMITTEE
of the
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

**November 18, 2014
Minutes**

The Legislative/Communications & Membership Committee held its November 18, 2014 meeting at SCAG's downtown Los Angeles Office.

Members Present

Hon. Bruce Barrows, District 23 (**Teleconference**)
Hon. Margaret Clark, District 32 (**Teleconference**)
Hon. Gene Daniels, District 24
Hon. Margaret Finlay, District 35 (**Teleconference**)
Hon. Larry McCallon, District 7
Hon. Judy Mitchell, District 40 – (**Videoconference**)
Hon. Shawn Nelson, Orange County (**Teleconference**)
Hon. Pam O'Connor, District 41
Hon. Cheryl Viegas-Walker, District 1 (**Videoconference**)
Hon. Alan Wapner, SANBAG (**Teleconference**)

CALL TO ORDER

The meeting was called to order by the Vice-Chair, Hon. Larry McCallon at 8:40 a.m. Hon. McCallon proceeded with the Information Items while awaiting a quorum.

PUBLIC COMMENT PERIOD

There were no public comments presented.

REVIEW AND PRIORITIZE AGENDA ITEMS

The Consent Calendar and Action Items were set aside and will be heard when a quorum is obtained.

INFORMATION ITEMS

5. State and Federal Legislative Update

Darin Chidsey, Director of Strategy, Policy & Public Affairs, stated that staff is closely monitoring new committee assignments, as the new legislature moves forward at both state and federal levels. Mr. Chidsey reported that Washington has various appropriation bills in their lame duck session. Staff will monitor these bills and how they affect transportation and other SCAG programs. Mr. Chidsey further reported that Therese McMillan, who is a former employee of the Metropolitan Transportation Commission, is expected to be confirmed as the Acting Administrator of the Federal Transit Administration (FTA). Mr. Chidsey stated that Ms. McMillan is very supportive of SCAG and her appointment will not only be beneficial to SCAG, but to the entire region.

Legislative/Communications & Membership Committee Minutes

A quorum was obtained and Hon. McCallon proceeded with the Consent Calendar.

CONSENT CALENDAR

1. Minutes of August 19, 2014 Meeting
2. Minutes of October 21, 2014 Meeting

A MOTION was made (Barrows) to approve the Consent Calendar. The MOTION was SECONDED (Finlay) and APPROVED by a unanimous vote. A roll-call vote was taken and recorded as follows:

AYES: Barrows, Clark, Daniels, Finlay, McCallon, Mitchell, Nelson, Viegas-Walker, Wapner

NOES: None

ABSTAIN: None

ACTION ITEMS

3. SCAG Memberships

Darin Chidsey, Director of Strategy, Policy & Public Affairs, provided a brief overview of the two (2) memberships for the Committee's consideration. Following a brief discussion, a vote was taken on each of the items.

METRANS Transportation Center Associates Program - \$25,000

A MOTION was made (Barrows) to approve the METRANS Transportation Center Associates Program - \$25,000. The MOTION was SECONDED (Finlay) and APPROVED by a unanimous vote. A roll-call vote was taken and recorded as follows:

AYES: Barrows, Clark, Daniels, Finlay, McCallon, Mitchell, Nelson, O'Connor, Viegas-Walker, Wapner

NOES: None

ABSTAIN: None

Southern California Leadership Council and the Center of Economic Development - \$20,000

A MOTION was made (Barrows) to approve the Southern California Leadership Council and the Center of Economic Development - \$20,000. The MOTION was SECONDED (Daniels) and APPROVED by a unanimous vote. A roll-call vote was taken and recorded as follows:

AYES: Barrows, Clark, Daniels, Finlay, McCallon, Mitchell, Nelson, O'Connor, Viegas-Walker, Wapner

Legislative/Communications & Membership Committee Minutes

NOES: None

ABSTAIN: None

4. 2015 State and Federal Legislative Priorities

Darin Chidsey, Director of Strategy, Policy & Public Affairs, stated that each year the Regional Council adopts a set of legislative priorities to help guide staff and resources in our legislative efforts both in Sacramento and Washington, DC. The legislative priorities are brought to the LCMC for discussion and input. Mr. Chidsey stated that this year further input will be gathered at the Economic Summit from our business partners and other public sector entities. With this Committee's approval, the priorities will then be brought to the Regional Council at the February 5, 2015 meeting. Mr. Chidsey outlined the six (6) state legislative priorities and one (1) federal legislative priority.

Committee members made a recommendation that Item 4 of the state legislative priorities be broadened to include a local tolling authority, and that Item 5 include a reference to a clean freight movement policy.

A MOTION was made (McCallon) to approve the State Legislative Priorities with the recommendations made by the Committee. The MOTION was SECONDED (Daniels) and APPROVED by a unanimous vote. A roll-call vote was taken and recorded as follows:

AYES: Barrows, Clark, Daniels, Finlay, McCallon, Mitchell, Nelson, O'Connor, Viegas-Walker, Wapner

NOES: None

ABSTAIN: None

A MOTION was made (Nelson) to approve the Federal Legislative Priorities. The MOTION was SECONDED (McCallon) and APPROVED by a unanimous vote. A roll-call vote was taken and recorded as follows:

AYES: Barrows, Clark, Daniels, Finlay, McCallon, Mitchell, Nelson, O'Connor, Viegas-Walker, Wapner

NOES: None

ABSTAIN: None

6. Strategy, Policy & Public Affairs Update

Darin Chidsey, Director of Strategy, Policy & Public Affairs, stated that the 2014 Economic Summit will be held at the Bonaventure Hotel on December 4, 2014. The event will kick-off with a VIP reception from 6:00 p.m. – 8:00 p.m. on December 3, 2014.

Legislative/Communications & Membership Committee Minutes

FUTURE AGENDA ITEMS

There were no agenda items presented.

ANNOUNCEMENTS

There were no announcements presented.

ADJOURNMENT

The Chair adjourned the meeting at approximately 9:30 a.m. The next regular meeting of the Legislative/Communications & Membership Committee is scheduled for 8:30 a.m. – 10:00 a.m., Tuesday, January 20, 2015 at the SCAG Los Angeles office.

Reviewed by:



Darin Chidsey

Director, Strategy, Policy & Public Affairs

REPORT

DATE: January 20, 2015

TO: Legislative/Communications & Membership Committee (LCMC)

FROM: Darin Chidsey; Director, Strategy, Policy & Public Affairs; (213) 236-1836;
chidsey@scag.ca.gov

SUBJECT: SCAG Sponsorships

RECOMMENDED ACTION:

Approve

EXECUTIVE SUMMARY:

The Legislative/Communications & Membership Committee (LCMC) is asked to approve up to \$5,000 in sponsorships for the 1) National Community Renaissance 2015 Symposium on the Affordability of Housing – (\$5,000) and 2) Shared-Use Mobility Center Mobility Summit – (\$10,000).

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan: Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; and Goal 2: Obtain Regional Transportation infrastructure Funding and Promote Legislative Solutions for Regional Planning Priorities.

BACKGROUND:

1) National Community Renaissance 2015 Symposium on the Affordability of Housing – (\$5,000)

The National Community Renaissance will be hosting the 2015 Symposium on the Affordability of Housing on February 5, 2015 at the Doubletree Hotel Ontario Airport in Ontario, CA. The event, "Housing the Future: The Inland Empire as Southern California's Indispensable Geography," will bring together local and regional leaders to bring awareness to both the region's great potential and its unique set of challenges. The purpose of the symposium is to equip local leaders with the information necessary to elevate housing as one of the most important issues for the future of the Inland Empire.

National Community Renaissance has been a long-standing partner with SCAG. They also serve on the Global Land Use & Economic (GLUE) Council, SCAG's business advisory group.

SCAG staff is recommending the "Innovator" sponsorship level in the amount of \$5,000, which will include:

- One (1) table for ten (10) guests;
- Quarter-page advertisement in the event program; and
- Logo displayed throughout the event both electronically and in print.

2) Shared-Use Mobility Center Mobility Summit

The Shared-Use Mobility Center will be holding their first-ever shared-use mobility conference in Southern California. The event, “Live • Ride • Share: SoCal’s Emerging Mobility Marketplace,” will be held February 23, 2015 at the Japanese American National Museum. Participants at prior events held in the Bay Area included mobility providers, policy-makers, governmental agencies, non-profits, technologists, academics, media, stakeholders, and affiliated industries on the current state of practice and opportunities and obstacles to market expansion of shared-use mobility services and systems.

Many of the agency’s partners are sponsoring this important, including, but not limited to, the Urban Land Institute – Los Angeles, Fixing Angelenos Stuck in Traffic (FAST), Move LA, and the Natural Resources Defense Council. With the region seeing an increased focus on mobility, especially when considering the agency will soon be commencing development of the 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), staff is recommending a “Gold” sponsorship in the amount of \$10,000, which will include:

- Exposition space (outdoor);
- Featured in media materials, blog, and social media;
- Featured in program booklet;
- Logo on website;
- Recognition from the podium,
- Advertising on an 8’ x 10’ wall screen;
- Recognition as a coffee or meal sponsor; and
- Ten (10) complimentary event tickets.

FISCAL IMPACT:

\$15,000 for sponsorships are included in the approved FY 14-15 General Fund budget.

ATTACHMENTS:

None.

Reviewed by:



Director, Strategy, Policy & Public Affairs

Reviewed by:



Chief Financial Officer

REPORT

DATE: January 20, 2015

TO: Legislative/Communications & Membership Committee (LCMC)

FROM: Darin Chidsey; Director, Strategy, Policy & Public Affairs; (213) 236-1836;
chidsey@scag.ca.gov

SUBJECT: 2015 State & Federal Legislative Priorities

RECOMMENDED ACTION:

Approve

EXECUTIVE SUMMARY:

This report contains updated recommendations of SCAG's State & Federal Legislative Priorities for 2015. With prior input from the Legislative/Communications & Membership Committee (LCMC), as well as from the business community at SCAG's Fifth Annual Economic Recovery & Job Creation Summit on December 4, 2014, the priorities are submitted to the LCMC for final recommendation of legislative priorities to the Regional Council for consideration at its February 5, 2015 meeting.

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan, Goal 2: Obtain Regional Transportation Infrastructure Funding and Promote Legislative Solutions for Regional Planning Priorities; Objective b) Identify and support legislative initiatives.

BACKGROUND:

Staff makes the following recommendations for consideration for adoption in 2015:

State Legislative Priorities

- **Project Streamlining & Expediting**

Support California Environmental Quality Act (CEQA) modernization and process reform to expedite project delivery and promote job creation. Promote design-build, innovative procurement of projects, and Public-Private-Partnerships (P3s) where appropriate for more efficient project delivery.

At the 2012 Economic Summit, SCAG's team of economists analyzed the impacts of accelerating project delivery, moving a 5-year tranche of the 2012–2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) forward by five years. This analysis concluded that approximately 300,000 jobs per year would be created or brought forward. Advancing five years of projects would result in a decrease in construction cost by \$1.25–1.95B (or 5–9% of construction cost). Staff recommends pursuing this legislative priority again in 2015 through partnerships with affected local and statewide transportation, business, labor, and environmental stakeholders to more quickly develop projects that will reduce harmful emissions and promote creation of jobs to effectuate continued economic turnaround throughout the region.

- **Cap-and-Trade Funding**

Support legislation to equitably distribute revenues from the implementation of the cap-and-trade program to transportation improvements and sustainable communities that maximize resources to the SCAG region.

The Regional Council at its October 2012 meeting, following the recommendations of the LCMC, adopted support of principles developed by a statewide transportation coalition of which SCAG is an active, participating member, for the use of cap-and-trade auction revenues. The coalition principles are consistent with long-standing SCAG objectives to seek enhanced financing sources for transportation purposes throughout the region, and to seek and support funding to implement sustainable communities strategies mandated by SB 375. The principles also provide for flexibility at the regional and local level to develop the most cost effective ways to meet GHG reduction goals through transportation and land use investments; and specify that project-funding determinations be made at the regional level under established statewide criteria to encourage local innovation and flexibility.

SCAG, working with and through the Coalition, will continue to advocate for policies and expenditure priorities adopted by the Regional Council and embodied within the principles of the Coalition. Cap-and-trade revenue remains the only significant new source of funding during this time of severe budgetary and fiscal constraint at the state level to finance these important projects.

- **Workforce Development & Education**

Support increased opportunities for workforce development and education, including financial literacy as part of workforce education, with particular emphasis on initiatives that focus on regional coordination and investment in education and skills development in the region's top industry clusters.

The Fifty Years into the War on Poverty Summit in August 2014 helped highlight the importance of a growing crisis in Southern California that has had an impact on everyone, regardless of economic background. The Summit was a big first step towards Southern California approaching the poverty crisis as a truly region-wide challenge. The Fifth Annual Southern California Economic Recovery & Job Creation Summit held this past December an update from SCAG's economists on the state of the region's economic recovery and the unveiling of the Regional Action Plan on Poverty, which builds upon the concerns and solutions discussed in August.

SCAG will work with the business, education, and economic development communities at the local, regional, and state levels to improve the region's collective educational attainment level and develop new and innovative workforce development programs that flow directly into meaningful career pathways that meet current and future business and industry needs.

- **Financing, Economic Development & Community Reinvestment**

Support legislation to expand use of innovative finance structures to create new opportunities for economic development, community reinvestment, and the development of transportation projects and infrastructure investment.

REPORT

- **Maintenance of State & Local Roads and Transit Systems**

Support dedicated, secure funding to state highways, streets, and roads to support the maintenance and rehabilitation of the state and local road and transit system. In addition, support universal statewide legislation that would allow counties the authority to implement toll roads.

- **Trade & Ports**

Support legislation to increase California exports and prevent the loss of international trade-related jobs in the Southern California region at jeopardy from the expanded investments by East and Gulf Coast ports and the Panama Canal. Support increased funding for goods movement projects throughout the region, including continued funding for the Trade Corridor Improvement Fund (TCIF) and for research, development, and demonstration of zero and near-zero emissions technologies.

Federal Legislative Priorities

- **Surface Transportation Authorization Legislation**

Support a long-term Surface Transportation Authorization bill that includes the recommendations of the Special Panel on 21st Century Freight Transportation including full restoration of the \$2 billion in annual funding to the National Freight Program; findings of the House T&I Committee Special Panel on Public-Private Partnerships to support P3s that are transparent, accountable, and synergistically marry the policy goals of the public sector with the financial needs and expertise of the private sector; build upon the provisions of the Moving Ahead for Progress in the 21st Century Act (MAP-21) to continue to improve efficiency of environmental reviews without diminishing the effectiveness of environmental review processes; and continues to support the Transportation Alternatives Program.

ATTACHMENTS:

None

REPORT

DATE: January 20, 2015

TO: Legislative/Communications and Membership Committee (LCMC)

FROM: Darin Chidsey, Director, Policy, Strategy & Public Affairs (Chidsey@scag.ca.gov)

SUBJECT: January 2015 Federal and State Legislative Update

FEDERAL

The 114th Congress convened on January 6, 2015. Rep. John Boehner (R-OH) was re-elected Speaker, Rep. Kevin McCarthy (R-CA) retains the position of Majority Leader, and Rep. Steve Scalise (R-LA) will continue as Majority Whip. On the Democratic side, Rep. Nancy Pelosi (D-CA) was handily reelected Minority Leader, with Rep. Steny Hoyer (D-MD) as Minority Whip, and Rep. Jim Clyburn (D-SC) as Assistant Democratic Leader. Rep. Xavier Becerra (D-CA) serves as Chairman of the Democratic Caucus.

Congress Passes FY15 Funding Bill

On December 13, 2014, the Congress passed H.R. 83, funding the federal government for Fiscal Year 2015 and averting a government shutdown. The House vote of 219-206 occurred on December 11, 2014, with the Senate passing the bill December 13, by vote of 56-40. The bill comports with the 2013 Budget Act (the “Ryan-Murray Agreement”), providing a total of \$1.013 trillion for the operation of the federal government, and meeting the \$521 billion defense and \$492 billion non-defense budget caps.

The legislation contains full funding for fiscal year 2015 for 11 of the 12 regular annual Appropriations bills, with the exception of the Department of Homeland Security (DHS). The bill includes \$17.8 billion in discretionary appropriations for the Department of Transportation (DOT) – the same as the fiscal year 2014 enacted level and \$4.8 billion below the President’s request. Within this total, the legislation provides \$500 million for the TIGER program, which funds competitive grants for state and local road, transit, port, and railroad construction projects. Other transportation breakdowns include:

- **Highways** – The bill provides almost \$41 billion in obligation limitation funding for the Federal Highway program – the same level authorized in the MAP-21 transportation authorization legislation, which expires on May 31, 2015. This is the same as the fiscal year 2014 level.
- **Rail** – The Federal Railroad Administration (FRA) is funded at \$1.6 billion, an increase of \$23 million above the fiscal year 2014 enacted level. No funding is provided for high-speed rail.
- **Transit** – The bill contains \$2.3 billion for the Federal Transit Administration (FTA) – an increase of \$141 million over the fiscal year 2014 enacted level. The legislation also allows \$8.6 billion in state and local transit grant funding from the Mass Transit Account (of the Highway Trust Fund), consistent with MAP-21, to help local communities build, maintain, and ensure the safety of their mass transit systems. The legislation provides a total of \$2.1 billion for Capital Investment Grants (“New Starts”), full funding for state and local “Small Starts,” and funding for all current “Full Funding Grant Agreement” projects within FTA. These programs provide

competitive grants for major transit investments – including rapid rail, light rail, bus rapid transit, and commuter rail – that are planned and operated by local communities.

Senator Barbara Boxer Will Not Run for Reelection

Senator Barbara Boxer of California, past Chairwoman and current Ranking Member of the Senate Environment and Public Works Committee, announced that she will not seek a fifth term next election cycle. She will continue to serve the remainder of the 114th Congress, leaving an open seat for California in the 2016 election.

STATE

The 2015-16 session of the California Legislature convened on December 1, 2014. Leadership positions for the new session include, in the Senate, President pro tempore Kevin de León (D-Los Angeles), and Minority Leader Bob Huff (R-Brea). Committee Chair and Vice-Chair appointments to committees of jurisdiction of many of the issues relevant to SCAG interests are: Transportation and Housing Committee Chair Jim Beall (D-San Jose) and Vice-Chair Anthony Canella (R-Modesto); Natural Resources and Water Committee Chair Fran Pavley (D-Calabasas) and Vice-Chair Jeff Stone (R-Riverside); Governance and Finance Committee Chair Robert M. Hertzberg (D-Los Angeles) and Vice-Chair Janet Nguyen (R-Santa Ana); and Environmental Quality Committee Chair Bob Wieckowski (D-Fremont) and Vice-Chair Ted Gaines (R-El Dorado Hills).

In the Assembly, leadership consists of Speaker Toni Atkins (D-San Diego) and Minority Leader Kristin Olsen (R-Modesto). Committee Chair and Vice-Chair appointments to committees of jurisdiction of many of the issues relevant to SCAG interests are: Transportation Committee Chair Jim Frazier (D-Fairfield) and Vice-Chair Katcho Achadjian (R-San Luis Obispo); Natural Resources Committee Chair Das Williams (D-Ventura) and Vice-Chair Brian Dahle (R-Redding); Local Government Committee Chair Brian Maienschein (R-San Diego) and Vice-Chair Lorena S. Gonzalez (D-San Diego); Housing and Community Development Committee Chair Ed Chau (D-Monterey Park) and Vice-Chair Mark Steinorth (R-Rancho Cucamonga); and Governmental Organization Committee Chair Adam C. Gray (D-Modesto) and Vice-Chair Eric Lindner (R-Corona).

SCAG Sacramento Legislative Leadership Reception

SCAG and the Southern California Leadership Council (SCLC) will host its annual reception in Sacramento at the Sheraton Grand Hotel on Wednesday, February 25, 2015 from 5-7 pm for invited state lawmakers, Administration/agency officials, and key stakeholders from business, labor and environmental groups. This reception will provide an excellent opportunity for SCAG Regional Council members, as well as local business and transportation stakeholder partners, to meet state lawmakers at the beginning of the 2015-16 legislative session to discuss the legislative priorities as adopted by the Regional Council.

President Morehouse will provide more information regarding trip activities in the near future. All Committee members are encouraged to clear their calendars during this time period to join our President and leadership for this important event.

California Legislative Deadlines

Included for your information below are the relevant constitutional, statutory and by-rule deadlines for the California legislature in 2015.

REPORT

January

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 5 Legislature reconvenes (J.R. 51(a)(1)).

Jan. 10 Budget Bill must be submitted by Governor (Art. IV, Sec. 12 (a)).

Jan. 19 Martin Luther King, Jr. Day observed.

Jan. 30 Last day to submit bill requests to the Office of Legislative Counsel.

February

Feb. 16 Presidents' Day observed.

Feb. 27 Last day for bills to be introduced (J.R. 61(a)(1), J.R. 54(a)).

March

Mar. 26 Spring Recess begins upon adjournment (J.R. 51(a)(2)).

Mar. 30 Cesar Chavez Day observed.

April

Apr. 6 Legislature reconvenes from Spring Recess (J.R. 51(a)(2)).

May

May 1 Last day for policy committees to hear and report fiscal bills for referral to fiscal committees (J.R. 61(a)(2)).

May 15 Last day for policy committees to hear and report to the Floor nonfiscal bills (J.R. 61(a)(3)).

May 22 Last day for policy committees to meet prior to June 8 (J.R. 61(a)(4)).

May 25 Memorial Day observed.

May 29 Last day for fiscal committees to hear and report bills to the Floor (J.R. 61(a)(5)). Last day for fiscal committees to meet prior to June 8 (J.R. 61(a)(6)).

June

June 1-5 Floor Session only. No committee may meet for any purpose (J.R. 61(a)(7)).

June 5 Last day to pass bills out of house of origin (J.R. 61(a)(8)).

June 8 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)(3)).

July

July 3 Independence Day observed

July 17 Last day for policy committees to meet and report bills (J.R. 61(a)(10)). Summer Recess begins upon adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

August

Aug. 17 Legislature reconvenes from Summer Recess (J.R. 51(a)(3)).

Aug. 28 Last day for fiscal committees to meet and report bills to the Floor (J.R. 61(a)(11)).

Aug. 31 – Sept. 11 Floor Session only. No committee may meet for any purpose except for Rules Committee and Conference Committees (J.R. 61(a)(12)).

September

Sept. 4 Last day to amend on the Floor (J.R. 61(a)(13), A.R. 69(e)).

Sept. 7 Labor Day observed.

REPORT

Sept. 11 Last day for any bill to be passed (J.R. 61(a)(14)). Interim Study Recess begins upon adjournment (J.R. 51(a)(4)).

REPORT

DATE: January 20, 2015

TO: Legislative/Communications and Membership Committee (LCMC)

FROM: Darin Chidsey, Director, Policy, Strategy & Public Affairs (Chidsey@scag.ca.gov)

SUBJECT: Summary of 2015-16 Proposed State Budget

RECOMMENDED ACTION:

Information Only – no action required.

EXECUTIVE SUMMARY:

Governor Brown has released the Administration's proposed 2015-16 state budget which is subject to change by the Governor's May Revision as well as amendment and approval by the California legislature. The Constitutional deadline to pass the state budget is June 15, 2015. This report summarizes major funding provisions of the proposed budget with emphasis on Transportation sector provisions.

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan: Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; and Goal 2: Obtain Regional Transportation infrastructure Funding and Promote Legislative Solutions for Regional Planning Priorities.

BACKGROUND:

On Friday, January 9, 2015, Governor Brown released the proposed California state budget for fiscal year 2015-16, which projects total General Fund revenues from all sources, after contributing the required amounts to the state's 'Rainy Day Fund' to be \$113,380 billion, with total budgeted General Fund expenditures of \$113,298 billion. The following tables illustrate in more detail General Fund revenues sources and expenditures for the fiscal year:

General Fund Revenue Sources (Dollars in Millions)

	2014-15	2015-16	Change from 2014-15	
			Dollar	Percent
Personal Income Tax	\$71,699	\$75,213	\$3,514	4.9%
Sales and Use Tax	\$23,438	\$25,166	\$1,728	7.4%
Corporation Tax	\$9,618	\$10,173	\$555	5.8%
Insurance Tax	\$2,490	\$2,531	\$41	1.6%
Alcoholic Beverage Taxes and Fees	\$367	\$374	\$7	1.9%
Cigarette Tax	\$84	\$82	-\$2	-2.4%
Motor Vehicle Fees	\$20	\$21	\$1	5.0%

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Other	<u>\$1,932</u>	<u>\$1,040</u>	<u>-\$892</u>	<u>-46.2%</u>
Subtotal	\$109,648	\$114,600	\$4,952	4.5%
Transfer to BSA/"Rainy Day"	-\$1,606	-\$1,220	\$386	-24.0%
Total	\$108,042	\$113,380	\$5,338	4.9%

General Fund Expenditures by Agency (Dollars in Millions)

	2014-15	2015-16	Change from 2014-15	
			Dollar	Percent
Legislative, Judicial, Executive	\$3,007	\$3,131	\$124	4.1%
Business, Consumer Services & Housing	\$839	\$839 \$639	\$200	23.8%
Transportation	\$158	\$237	\$79	50.0%
Natural Resources	\$2,497	\$2,561	\$64	2.6%
Environmental Protection	\$78	\$68	-\$10	-12.8%
Health and Human Services	\$30,490	\$31,929	\$1,439	4.7%
Corrections and Rehabilitation	\$9,995	\$10,160	\$165	1.7%
K-12 Education	\$47,121	\$47,173	\$52	0.1%
Higher Education	\$12,947	\$14,063	\$1,116	8.6%
Labor & Workforce Development	\$282	\$265	-\$17	-6.0%
Government Operations	\$730	\$701	-\$29	-4.0%
General Government:				
• Non-Agency Departments	\$1,267	\$676	-\$591	-46.6%
• Tax Relief/Local Government	\$446	\$444	-\$2	-0.4%
• Statewide Expenditures	\$256	\$1,251	\$995	388.7%
Supplemental Payment to the Economic Recovery Bonds	<u>1,606</u>	<u>=</u>	<u>-1,606</u>	<u>-100.0%</u>
Total	\$111,719	\$113,298	\$1,579	1.4%

The proposed 2015-16 state budget builds upon previous budgets implementing permanent spending cuts and temporary taxes from Proposition 30 to balance the structural deficits built up over years of

borrowing to cure temporary shortfalls. Additionally, the passage of Proposition 2 in the November election, which requires the state to add a portion of capital gains-related taxes to the Budget Stabilization Account in years when such revenues exceed a certain level, provides the state a great opportunity to save money and pay down the state's debts and liabilities, rather than make long-term commitments for new programs based upon temporary spikes in revenues from capital gains.

The proposed 5015-16 Budget seeks to continue to implement many of the significant structural changes made in previous budget years. Highlights of these implementing measures include:

- **Health Care Reform**—Due principally to the implementation of federal health care reform, Medi-Cal caseload has increased from 7.9 million in 2012-13 to an estimated 12.2 million this coming year. This large expansion of health care coverage for low-income Californians requires that the Budget cover billions of additional dollars of expenses and to also greatly expand its reliance on managed care health plans, including the Coordinated Care Initiative.
- **Climate Change**—The Budget proposes \$1 billion in Cap and Trade expenditures for the state's continuing investments in low carbon transportation, sustainable communities, energy efficiency, urban forests and high-speed rail. The successful implementation of these projects and continued and even steeper reductions in carbon pollutants are necessary to address the ongoing threat posed by climate change.
- **Infrastructure**—The deferred maintenance on all existing state infrastructure, including roads, bridges and facilities is estimated to total \$66 billion, with \$59 billion of that amount needed for Department of Transportation deferred maintenance. The Budget includes \$478 million (\$125 million General Fund) for critical deferred maintenance at the universities and community colleges and in state parks, prisons, state hospitals and other state facilities. The state's largest deferred maintenance is on its highways, roads and bridges. *Annual maintenance and repairs are billions more than can be funded annually within existing resources. The state must address deferred maintenance on the state's highways and key freight corridors through expanded and ongoing funding sources.*
- **Water Action Plan**—The Water Action Plan is the Administration's five-year roadmap towards sustainable water management. The Budget includes the first \$532 million in expenditures from the Proposition 1 water bond to continue the plan's implementation.
- **Redevelopment Dissolution**—By the end of the budget year, the elimination of redevelopment agencies will have returned more than \$4 billion to cities, counties, and special districts, with an additional \$5 billion returned to K-14 schools. Oversight of the dissolution process has progressed to the point where the Budget proposes legislation to streamline the state review process to continue the wind-down activities.
- **Pension Reform**—In 2014, the Governor signed a new funding plan to close a \$74 billion shortfall for teacher pensions over the next three decades. The Budget includes \$1.4 billion (\$371 million General Fund) to implement the second year of the teacher pension funding plan.

- **Rainy Day Fund**—Proposition 2 is designed to help the state save when higher revenues are achieved from increased capital gains. By the end of the year, it is estimated the state's Rainy Day Fund will have a total balance of \$2.8 billion. The Budget spends an additional \$1.2 billion from Proposition 2 funds on paying off loans from special funds and past liabilities. In addition, the Budget repays the remaining \$1 billion in deferrals to schools and community colleges, makes the last payment on the \$15 billion in Economic Recovery Bonds that was borrowed to cover budget deficits from as far back as 2002, and repays local governments \$533 million in mandate reimbursements.

Transportation

The state Transportation Agency is responsible for developing and coordinating the policies and programs of the state's transportation entities to improve the mobility, safety, and environmental sustainability of the state's transportation system.

The Budget includes total funding of \$15.8 billion for all programs administered within the Agency. The Budget recognizes that there remains ongoing funding challenges for the maintenance and repair of core infrastructure—state highways, roads, and bridges. While Proposition 1B, provided \$20 billion for transportation infrastructure, it largely focused on capacity, local streets and roads, and transit. Repair and maintenance of the state highway system has largely been overlooked. Of nearly \$11.5 billion in ongoing transportation revenues available for the state's transportation infrastructure, about 70 percent is devoted to local streets and roads, transit, capacity expansions, and debt service. As a consequence, the state's highway system has deteriorated over time.

Despite revenues to the State Highway Operation and Protection Program (SHOPP) from the annual state share of federal and state fuel excise taxes, Proposition 1B, and the American Recovery and Reinvestment Act of 2009 (ARRA), there is a current identified gap in the SHOPP of \$6 billion annually. The state has already started to explore new and expanded financing strategies for the state's ongoing maintenance and repair needs, including within the Budget the following:

- **Road Usage Charge Pilot Program**—The Budget proposes five positions and \$9.4 million in State Highway Account funding to implement a Road Usage Charge Pilot Program pursuant to Chapter 835, Statutes of 2014 (SB 1077). The purpose of this pilot program is to explore a potential mileage-based revenue collection system, or Road Usage Charge, to support maintenance and operations of California's roads and highways as a possible replacement to the gasoline tax system currently in place. A final report and recommendations, based on the results of the pilot, is due no later than June 30, 2018.
- **Toll Roads**—The state highway system currently includes high-occupancy vehicle lanes, the access to which is limited during rush hours to only those vehicles with two or more passengers. This often leaves unused capacity in these lanes. By converting these lanes to high-occupancy toll lanes and opening these lanes to paying drivers, the state is able to better maximize capacity as well as generate additional revenues. Legislation is proposed that will restore authority for new high-occupancy toll lane projects, including conversions of existing high-occupancy vehicles lanes to toll lanes. This legislation will expand the authority of the California Transportation Commission to approve these lanes.

These strategies alone are not sufficient to address the state's ongoing maintenance and repair needs. The state must consider other funding options to provide for the long-term sustainability of the state's core highway system, which must address the deferred maintenance needs of the highway system, key freight corridor investments, and include an ongoing pay-as-you-go funding structure that aligns funding with use of the system. Consideration of vehicle weight, which directly relates to wear and tear is also appropriate to consider for options to maintain and invest in state highways and key trade corridors.

Cap-and-Trade

With respect to Cap-and-Trade, the budget proposes to continue implementation with an additional \$1 billion of Cap-and-Trade revenues funded under the existing statutory structure of Cap-and-Trade funding. One-quarter of these investments will be specifically targeted to benefit disadvantaged communities. Within sustainable communities and transportation, these funds are proposed to be distributed:

- 25 percent for the high-speed rail project (\$250M);
- 5 percent to local transit agencies for operational improvements (\$50M);
- 10 percent in competitive grants for state or local transit improvement projects (\$100M);
- 20 percent for affordable housing and other development that support transit ridership (\$200M);
- 20 percent to Air Resources Board for low carbon transportation (\$200M).

The remaining 20 percent of Cap-and-Trade revenues proposed for allocation is for energy efficiency/clean energy and for natural resources and waste diversion purposes, as follows:

- 7.5 percent for energy efficiency upgrades/weatherization (\$75M);
- 2 percent for energy efficiency for public buildings (\$20M);
- 1.5 percent for agricultural energy and operational efficiency (\$15M);
- 2.5 percent for wetlands and watershed restoration (\$25M);
- 4 percent for fire prevention and urban forestry projects (\$42M);
- 2.5 percent for waste diversion (\$25M).

For more information on the Governor's proposed 2015-16 state budget, please go to: <http://www.ebudget.ca.gov/>